

FISCAL IMPACT STATEMENT ON BILL NO. H3198

(Doc. No. 6189dw05.doc)

TO:	The Honorable James H. Harrison, Chairman, House Judiciary Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Allan Kincaid and Tricia Tangney		
DATE:	May 9, 2005	SBD:	2005484

AUTHOR:	Representative Harrison	PRIMARY CODE CITE:	5-21-910
SUBJECT:	Municipal Finance Oversight Act of 2005		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES IS:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

The proposed Bill would enact the "Municipal Finance Oversight Act of 2005", which would create the Municipal Finance Oversight Commission composed of seven members. Section 5-21-920(F) of the Bill states that for administrative purposes the commission shall operate as a Division of the Executive Director's Office of the State Budget and Control Board. This commission would require the governing body of each municipality receiving revenues from state aid to submit annually certain financial information to the Comptroller General. The Bill further provides that should a municipality fail to perform certain financial duties, the commission may take such action it considers advisable to investigate the municipality's affairs and take any necessary corrective action.

Section 2 of the Bill also amends Section 6-1-50 of the Code of Laws of South Carolina, 1976, relating to financial information submitted annually by the counties and municipalities to the Comptroller General.

EXPLANATION OF IMPACT:State Budget and Control Board (Board)

Section 5-21-940 of the Bill provides fees may be charged to the municipalities being served by the commission for associated expenses. To implement the provisions of the legislation, a minimum of two new positions would be required along with associated operating costs. Assuming the municipalities who are served have sufficient revenue to pay such fees, any costs incurred by the Board would be covered by the fees. However, because the municipalities being served by the Commission are those that may be experiencing financial difficulty, a municipality may not have sufficient revenue to pay such fees.

Office of Attorney General:

The Office indicates there will be a fiscal impact on the General Fund of the State of approximately \$109,960 annually. This includes \$104,960 for personal service/employer contributions for 1.00 Attorney and 1.00 Admin/Support, and \$5,000 for other operating expenses. In the first year, the agency requires an additional \$8,412 for non-recurring equipment purchases.

LOCAL GOVERNMENT IMPACT:

See above information concerning State Budget and Control Board and requirements of Section 5-21-940.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate agency to address any revenue impact of this legislation.

Approved by:



Don Addy
Assistant Director, Office of State Budget